瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

Announcement of results for the year ended 31 December 2021

FINANCIAL HIGHLIGHTS

		Year ended 31 December	
		2021	2020
Turnover			
Company and subsidiaries	*HK$ million*	**5,267**	5,670
Share of joint ventures	*HK$ million*	**9**	9
Total	*HK$ million*	**5,276**	5,679
Profit attributable to shareholders	*HK$ million*	**76**	52
Basic earnings per share	*HK$*	**0.20**	0.14
Final dividend per share	*HK$*	**0.07**	–

		At 31 December	
		2021	2020
Total assets	*HK$ billion*	**9.6**	9.8
Net assets	*HK$ billion*	**3.3**	3.1
Net asset value per share	*HK$*	**8.7**	8.4
Net gearing	*%*	**46.9**	50.8

CHAIRMAN'S STATEMENT

Dear Shareholders,

After negative growth in 2020, global GDP saw a revival with a 5.9% increase in 2021. A degree of business optimism prevailed in many economies as COVID-19 vaccination rates increased among their populations. As in previous years, China's powerhouse economy contributed significantly to global GDP growth, and expanded 8.1% last year, far exceeding the Central Government's target and comparing favourably to its GDP growth of 2.2% in 2020. Hong Kong's GDP grew by 6.4% in 2021, reversing the contractions in the previous two years. However, the rampant Omicron variant towards the end of last year has slowed the pace of global economic recovery.

2021 marked the Shui On Group's 50th Anniversary. Challenges often give rise to new ways of restructuring our behaviours and accelerating our adoption of digital resources. Since the founding of our business in 1971, we have completed over 200 major construction projects in Hong Kong, and expanded our construction expertise to design-and-build, building maintenance and fit-out and renovation. In all these areas we currently have strong capabilities and a healthy order book. I believe there are tremendous opportunities for SOCAM to contribute to the further ambitious growth and development of the HKSAR as we play our part in the rapid expansion of the Greater Bay Area.

Against this background, I am pleased to report that the Group posted a profit attributable to shareholders of HK$76 million in 2021, compared to HK$52 million the year before. Turnover for the year was HK$5.3 billion, indicating parity in business activities amid an environment beset by challenges over the last few years (turnover for 2020 and 2019: HK$5.7 billion and HK$5.5 billion respectively). With the continuing improvement of financial results, the Board recommended the payment of a final dividend of HK$0.07 per share to shareholders.

BUILDING VALUES

The Group has had another profitable year in the construction business. The business recorded remarkable growth and posted a pleasing profit of HK$511 million in 2021. We are cautiously optimistic this growth path will continue in 2022 and beyond as we seize more opportunities in this sector in Hong Kong.

In recent years the Group has been able to sustain a strong order book as regards construction, building maintenance, fit-out and renovation contracts in Hong Kong and Macau, offering healthy growth in profitability and cash flow. As at year-end 2021, the gross value of contracts on hand was HK$23.8 billion and the value of outstanding contracts to be completed was HK$15.0 billion. In addition, the Group secured a total of HK$2.3 billion new contracts in the first three months of this year.

In Mainland China, the key challenge to the Group's property business in 2021 was to enhance the asset value of our four shopping malls by increasing customer footfall and rental returns. Here SOCAM continued to meet two external impediments to increasing operating income. The epidemic was contained effectively in China on the whole, but the constant anti-COVID-19 measures continued to impact consumer sentiment, while fueling the inexorable growth of online retail business. The property business saw improvement in mall occupancies and rental income, yet reported a loss of HK$124 million in 2021, which was higher than that for 2020, largely attributable to the limited property sales profit as the inventory was running low.

HEADWINDS FROM DIFFERENT FRONTS

In Hong Kong, the fifth wave of COVID-19 epidemic has caused exponential growth in infections since early January 2022, greatly affecting all walks of life and many business activities in the interest of public health. In the construction sector, SOCAM has stepped-up measures to safeguard the wellbeing of our employees and on-site workers since the outbreak, while looking to keep operational progress on track as far as possible. That said, our business operation remains vulnerable to continuing high infection rates in society as a whole. In the wider world, there was little progress towards a China - USA trading entente. The Russia-Ukraine war is causing major geopolitical uncertainties and, if persisting, may possibly trigger an energy crisis and further disruption of the global supply chain. While the global economic recovery continues, the resurging pandemic may pose renewed challenges.

STRENGTHENING CONSTRUCTION OUTLOOK

Over the next ten years, construction investment in Hong Kong is expected to increase markedly. The HKSAR Government continued to push forward with the sector-wide initiative - Construction 2.0 to promote the reform of the construction sector. Digitalisation and technology is now the foundation of the design and construction process. In the past two years, SOCAM has adopted new technologies to bolster our sustainability, productivity and competitiveness in construction works as well as the health and safety of our people.

BIM – building information modeling – is now driving our command of the entire building cycle from architecture to smart site construction, to project delivery. The Phase 1 of the Central Market Revitalisation Project, completed in October 2020, involved extensive restoration and preservation works for an 80-year-old historic architecture, while addressing the contemporary statutory requirements and building codes to meet stakeholders' expectation. To cope with the challenges, we have made extensive use of BIM technology to visualise a detailed building structure and optimise the construction schedule. It significantly reduces costs and waste, and contributed to preserving its heritage value and bringing a new landmark in the city.

We have increasingly built digital and robotics capabilities. Starting from 2020, the Group made further steps to employing farsighted approaches to Modular Integrated Construction (MiC) method. The construction of Kwu Tung multi-welfare services complex building, where we apply the MiC technology fully with 1,764 units of freestanding integrated modules already installed as of last February. This expedites the delivery of comfortable homes for the elderly in need, as it slates for completion late this year.

As SOCAM continues to tender for public housing and healthcare construction contracts, we have also extended our design-and-build expertise to capture the enormous market opportunities. We are now working on four major design-and-build projects for the Architectural Services Department (ASD) and Hospital Authority, with an aggregate contract value of over HK$9 billion. We consider the adoption of innovative technology is invaluable in the highly-competitive tendering environment, uncovering more business growth opportunities, particularly as Hong Kong is set for the exciting development of the Northern Metropolis development plan.

ENHANCEMENT OF PROPERTY ASSETS

China's retail sales saw improvement in 2021, a strong turnaround from the dip in 2020, underscoring the overall resilience of China's spending power in a year full of challenges.

The pandemic has accelerated the pace of change in the retail sector. During the past year the Group proceeded diligently with its asset enhancement initiatives in its malls in Chengdu, Chongqing, Shenyang and Tianjin. Our mall management teams are constantly alert to emerging trends and changing consumer preferences in the shopping experience. We expect to face further challenges in the immediate future due to the new normal for consumers and intensifying retail competition, but we believe our lasting partnerships with our tenants will deliver a degree of resilience during difficult times.

OUR FOCUS ON SUSTAINABILITY

In 2020, SOCAM introduced its sustainability strategy for the next ten years. Our ‘Better Tomorrow Plan 2021-2030’ is at the core of all SOCAM sets out to achieve. Despite operating in a pandemic-battered business environment, we proceeded well with this Plan in 2021, as we engaged in various programmes covering all major ESG aspects.

Business sustainability derives from talent development, environmental protection, and creates social value. We have set an ambitious target to reduce our carbon emission through energy and waste reduction, and we attract the younger generation into the Company to bring in a refreshed vision. Of equal importance is the Group’s wider concern for the community, to help in care for the elderly and provide support and encouragement for the young.

Last year, the Group launched smart facility management business, built on our accumulated knowledge of sustainability in construction and property management. SOCAM is providing comprehensive smart solutions to help clients achieve their sustainability goals through energy saving, cost reduction and productivity improvement. This is an exciting new direction for the Company as we seek, where we can, to align cost-benefit to sustainability outcomes.

A CAUTIOUSLY OPTIMISTIC OUTLOOK

SOCAM's construction business stands to benefit from the unprecedented opportunities that lie ahead, with the HKSAR Government's plan to produce 330,000 public housing units over the next 10 years from 2021, and adopt design-and-build model in suitable public housing construction projects to shorten the development cycle. This is an area in which the Group has pre-emptively built up strong and widely-recognised expertise and experience.

Further, approval of government's public expenditure proposals by the Legislative Council is no longer mired in political wrangling. This lays the ground for expediting Hong Kong's socio-economic development progress. We hope that project execution will more closely follow policy enactment.

The tendering environment for government construction contracts remains highly competitive, particularly in regard to public housing and healthcare facilities, amid a shrinking construction industry over the last several years. We regard this as only beneficial as it drives up the on-spec quality and on-time reliability which we are confident of achieving.

APPRECIATION

Faced with the COVID-19 resurgence with record high infections over the last few months, 2022 will be an exceptionally challenging year for us as individuals and also as a corporation. Reflectively, I would like to give my heartfelt thanks to the management team and our front-line staff, for their hard work and dedication over the past year. I would also like to thank my fellow Board members for their continued support and advice.

SOCAM has gone through a major operational alignment in our business model in the past decade, as we focus now on our core competencies. Many have helped drive that corporate undertaking. To them, my particular appreciation for their efforts. Further, I welcome more recently-joining colleagues to a company that is now able to embrace a dynamic approach to innovation and technology as we take a reinvigorated push towards sustainable growth and profitability. I have every belief that Hong Kong, as a Special Administrative Region of China, has a flourishing future.

Vincent H.S. Lo
Chairman

Hong Kong, 30 March 2022

BUSINESS REVIEW

SOCAM's main business activity revolves around construction in Hong Kong, and property in Mainland China. It is the Group's strategy to leverage our core competencies to capture the exciting opportunities in the construction sector for business growth, while at the same time unlocking value from our property assets through enhancement of our retail and commercial properties. We also look for suitable divestment opportunities for en-bloc asset disposals to restore shareholder value.

SOCAM saw encouraging results during the year. The Group reported net profit attributable to shareholders of HK$76 million for 2021, as compared with the HK$52 million profit for 2020. The growth in profit was mainly due to the higher profit contribution from the construction business and marked improvement in the leasing performance of the retail malls. The Group's turnover for 2021 amounted to HK$5.3 billion, down slightly by 7.1% against the HK$5.7 billion for 2020.

SOCAM's construction arm in Hong Kong entered the year with strong progress on existing projects and an optimal order book to suit our on-time, on-spec delivery capabilities. With our Building Information Modelling (BIM) application increasing in sophistication, we were able to recalibrate quickly to any COVID-induced disruptions to the supply chain of construction materials. The construction business is thus able to report a 12% profit growth in 2021 over a solid base established the year before. With the infection potency of the fifth wave expected to start burning out in late-March, construction turnover is likely to increase through the second half of 2022.

Our four shopping malls in Mainland China are well-established in locations with high residential occupancy and shoppers' attractions. 2021 saw greater take-up in retail occupancy and improved gross rental income. However, our asset enhancement ambitions continue to be frustrated by the changing consumer habits, with increasing migration to online purchasing, exacerbated by localised travel and public gathering restrictions to contain the sporadic resurgence of inflections. A latent demand for experiential retail is still strong as the Central Government rolls out its 'dual circulation' policy, one aspect of which is to reorient China's economy by prioritising domestic consumption.

MARKET ENVIRONMENT

In two years, the COVID-19 pandemic has swept the entire globe. The Group's principal markets are no exceptions, but saw a steady recovery in 2021. While China's zero-COVID policy has kept the pandemic under control with great success, its economy turned to robust expansion, after the first contraction on record in the first half of 2020. China's GDP grew by 8.1% to RMB114.4 trillion in 2021, surpassing the Central Government's target of above 6%, and following the 2.2% GDP growth in 2020. The Mainland economy sustained further growth and development, with exports and imports growing fast, industrial production and local consumption on the rise, and household income surging up, while employment remained stable and consumer prices went up moderately.

The Hong Kong economy recorded a visible recovery in 2021, with GDP growing by 6.4% after an unprecedented two consecutive years of deep recession. The improvement in economic performance was largely driven by strong exports on a sharp snapback of global demand, while local consumption sentiment rebounded on the back of the HKSAR Government's consumer voucher program, improving labour market conditions and stable epidemic situation in the second half of the year. Following the enhancement of the electoral system of the HKSAR in May 2021, the tendering and award of government projects are no longer affected by the delay in funding approval at the Legislative Council due to political wrangling and other malfunction.

KEY CORPORATE AND BUSINESS DEVELOPMENTS

Smart Facilities Management Services Business

In recent years, demand for smart facilities management (SFM) solutions and services has been rising sharply. Faced with an evolving business landscape in the post-pandemic new normal, and growing concern over climate change, enterprises globally are seeking to enhance their organisational resilience and build a sustainable model for their building infrastructure and facilities.

Leveraging our solid expertise and experience in construction, building maintenance and property management, SOCAM has extended its core competencies to offering bespoke solutions to property owners to help lower their carbon footprint and operating costs. Initially, our strategic endeavour is to focus on the SFM markets in Hong Kong and then gradually expand to other cities in the Greater Bay Area and the Yangtze River Delta region.

Through established contacts with technology innovators and systems and equipment suppliers, we aim to offer innovative and comprehensive services to help our clients achieve their sustainability goals, from diagnosis, retrofit, monitoring, continuous improvements to digitalisation upgrades. Partnering with energy and sustainability experts, SOCAM has already begun to implement sustainability facilities improvements for hospitals in Hong Kong and Chengdu Centropolitan in the Mainland. During the year, we have been closely monitoring the energy and other operational data of our clients and are seeing noticeable saving. We believe that the SFM business will become a new growth engine for SOCAM in the years ahead.

Strengthening Business Sustainability

While the COVID-19 epidemic has spurred waves of inflections around the world, the Group acted swiftly to navigate the challenges and opportunities, in order to maintain resilience and growth in the new normal. We are making progress in our march towards the Group's Better Tomorrow Plan 2021-2030, which sets out the sustainability strategy for the next ten years and guides our efforts for integrating sustainability into all aspects of our business operations. Further details are provided in the Environmental, Social and Governance (ESG) Report. We have also started aligning our actions related to ESG with the recommendations of the Task Force on Climate-related Financial Disclosures and the United Nation Sustainable Development Goals as investors' appetite for better ESG disclosures continues to grow.

The pandemic does not stop the world from moving on. SOCAM stays focused to build new infrastructure that allows us to embrace digitalisation and construction technology. We achieved encouraging performance on quality, safety and environmental aspects as we integrated BIM and Modular Integrated Construction (MiC) in our projects. Efforts are being made to leverage innovative technology and sustainable practices that will enable us to achieve our carbon reduction targets.

Talent development has always been a central focus. We have elevated our e-training and development capabilities and ramped up efforts to address, in particular, the risks of ageing workforce and change in skills for our construction business. In addition, to nurture human capital, we rolled out a talent development programme to select high potential talents on both project and general management level as part of the succession planning for the Group.

Acquisition of 65% Share Interest in Welpro Technology Limited

The Group has been actively exploring investment opportunities that are beneficial to its long-term development. In December 2021, the Group entered into a sale and purchase agreement to acquire 65% share interest in Welpro Technology Limited (Welpro), a fast-growing security, audio and visual solution provider, for a cash consideration of HK$37 million (subject to the downward adjustment in accordance with the agreement terms). Completion of the acquisition took place on 3 January 2022.

Welpro is admitted to the Development Bureau's List of Approved Suppliers of Materials and Specialist Contractors for Public Works. Its expertise, know-how and qualifications serve to complement and expand the Group's business scope. It is expected that the acquisition will create synergy with the Group's maintenance and other businesses.

Redemption of Senior Notes

In January 2022, SOCAM redeemed all the outstanding 6.25% senior notes due 2022, upon maturity, in an aggregate principal amount of US$157.4 million, which was primarily funded by the 3-year term loan facility, up to a principal amount of HK$1,300 million, made available to the Company by a commercial bank in Hong Kong.

CONSTRUCTION

Market Review

Despite the recovery of the Hong Kong economy in 2021, construction activities declined further in the first half, after four consecutive years of contraction. It staged a gradual rebound in the latter half. Total expenditure on building and construction rose by 0.3% year-on-year in 2021, while the public sector sustained further expansion and the private sector started to pick up in the second part of the year. The construction unemployment rate saw a notable decline to 5.1% in December 2021, from 10.7% in December 2020, the highest level since 2006, as labour market and local epidemic situation improved during most of the year. Market competition for public works contracts remained severely intensified.

The housing and healthcare issues in Hong Kong are of greatest public concern. As stated in the Chief Executive's Policy Address in October 2021, the HKSAR Government has identified about 350 hectares of land for providing some 330,000 public housing units for the coming ten-year period (2022-23 to 2031-32). In addition, the Government has also proposed to raise the overall supply of transitional housing from 15,000 units to 20,000 units in the next few years for low-income residents on the waiting list for public housing. A steady flow of public housing contracts is expected in the coming years.

On the other hand, the HKSAR Government is proceeding in full swing with the HK$200 billion first 10-year hospital development plan, while pressing ahead with the planning of the HK$300 billion second 10-year hospital development plan. Taken these two hospital development plans together, the Government aims to provide over 15,000 additional hospital beds and more than 90 operating theatres to meet the projected demand for public healthcare service up to 2036. Our construction business is well positioned to benefit from the tremendous tendering opportunities coming from the healthcare sector as well.

Construction Technology

SOCAM continues to accelerate the upgrade of its information technology infrastructure and digitalisation under the new normal.

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In the Kwu Tung North Multi-Welfare Services Complex project, we have adopted the MiC technology in full scale. In February 2022 it came to the completion of the installation of 1,764 freestanding integrated modules in the project. The MiC technology has not only minimised the environmental impact created during the construction process, but also greatly shortened the construction period to 28 months.

In addition to the increasing deployment of construction innovations in our different projects, we have also expanded the application of technological advances to further elevate our production efficiency, worksite safety and environmental benefits. In recent years, we have been exploring the adoption of Design for Manufacturing and Assembly, Prefabricated Prefinished Volumetric Construction and artificial intelligence (AI), as well as the use of suitable robots in selected construction processes. These technologies not only bring about the aforesaid advantages but also cope with new contract requirements of government projects and ease the undue pressure at worksites due to the shortage of skillful workers.

Further progress has also been made on the application of BIM technology during the year. We have strengthened our in-house design and technical capabilities through our Zhuhai office, which will enhance our competitiveness in tendering for the growing number of design-and-construction jobs from the HKSAR Government and other clients, some of which are making the use of BIM mandatory. We have increased investment in strengthening and nurturing the BIM team, which plays a pivotal role in facilitating the wider adoption of BIM technology in our building and interior fit-out projects going forward.

Safety and Recognitions

The wellbeing of our people is always our top concern. With our unfailing efforts in promoting and strengthening safety at worksites, we see further improvement in our performance. We registered an accident rate of 3.65 per 1,000 workers in 2021, which hit the lowest on our records and is substantially below the industry average of 26.1 per 1,000 workers, the latest record in 2020. To further enhance our safety, we introduced AI cameras for monitoring site operations to help identify safety hazards, and applied face recognition technology, smart helmet system and safety management system at construction sites, in order to protect the health and safety of our employees and workers at all times.

Our teamwork has earned us industry recognitions during the year. Shui On Building Contractors Limited (SOBC) and Shui On Construction Company Limited (SOC) clinched:

- The Proactive Safety Contractor Award from the Hong Kong Construction Association (HKCA) in the HKCA Construction Safety Awards 2020; and

- The Gold Award in the Safety Management System Award, and the Silver Award in the Safety Culture Award and Best Workplace Infection Control Measures Award at the 19th Hong Kong Occupational Safety and Health Award organised by the Occupational Safety and Health Council.

SOBC garnered a number of awards at the 22nd Construction Safety Award organised by the Occupational Safety and Health Council and the 27th Considerate Contractors Site Award Scheme jointly organised by the Development Bureau and the Construction Industry Council, including

- Gold Award in the Best Safety Activity Team, Best Safety Project Manager/Site Agent and Best Safety Enhancement Program for Lifting Operation;

- Silver Award in the Best Safety Culture Site and Best Refurbishment and Maintenance Contractor in Occupational Safety and Health (Main Contractor Category); and

- Silver Award in the Considerate Contractor Site Award.

SOBC also received various awards at the Quality Public Housing Construction and Maintenance Awards 2021. These included the Safety Innovation and the Completed Project Site Safety – Building under the New Works Projects – Best Site Safety category, and the Merit Award for Fighting Epidemic under the New Works Projects – Outstanding Contractors, and the Outstanding Contractor (Maintenance & Improvement Project) categories.

Operating Performance

The Group's construction business posted a considerable increase in profit in 2021. Capitalising on SOCAM's solid presence in the market, the Group maintained a healthy order book during the year amid intensified market competition, and continues to go from strength to strength.

The business reported a profit of HK$511 million for 2021, a 12% increase over the profit of HK$456 million for 2020. Turnover for 2021 amounted to HK$4.9 billion, edged down from HK$5.0 billion for 2020. Pre-tax profit margin rose to 10.4% in 2021, from 9.0% in 2020.

	2021	**2020**
Profit before tax	HK$511 million	HK$456 million
Turnover	HK$4.9 billion	HK$5.0 billion
Profit margin	10.4%	9.0%

New Contracts Awarded and Workload

	2021	**2020**
New contracts awarded	HK$3.8 billion	HK$5.9 billion
	31 December 2021	**31 December 2020**
Gross value of contracts on hand	HK$23.8 billion	HK$23.7 billion
Gross value of contracts to be completed	HK$15.0 billion	HK$16.2 billion

The Group's order book remained strong. During 2021, faced with a hyper-competitive tendering environment, the Group secured new construction, maintenance, fit-out and renovation contracts in Hong Kong and Macau worth a total of HK$3.8 billion, compared to the HK$5.9 billion awarded in 2020. In the latter part of the year the Group submitted several competitive bids, and stands a good chance of being awarded some major contracts. More details of the new contracts secured during the year and after the year-end will be provided under the respective companies below.

As at 31 December 2021, the gross value of contracts on hand was HK$23.8 billion and the value of outstanding contracts to be completed was HK$15.0 billion, compared with HK$23.7 billion and HK$16.2 billion respectively as at 31 December 2020. The strong order book will help produce healthy growth in turnover, profit and cash flow in the coming few years.

During 2021, the Group's construction projects continued to progress well and on schedule. Details of the major construction projects in progress as well as those completed during the year will be provided under the respective companies below.

Shui On Building Contractors Limited

SOBC is the only building contractor admitted to the "Premier League" of the List of Building Contractors (Building – New Works) category of the Hong Kong Housing Authority (HKHA) from 1 October 2021, which accredits SOBC's reliability and capability to deliver quality construction services consistently in the HKHA's public housing programme.

New contracts secured by SOBC and Pacific Extend Limited (PEL) during 2021 totalled HK$1,822 million, which included:

- construction of a public housing development at Anderson Road Quarry Site RS-1 for the HKHA (HK$1,326 million), which will provide 1,906 public rental housing units, retail space and ancillary facilities upon completion in 2024; and

- a 3-year term contract for minor works on buildings and lands and other properties for which the Architectural Services Department (ASD) is responsible for the whole territory of Hong Kong (HK$463 million).

The term contracts for building maintenance and minor works are undertaken by PEL, and continue to provide stable income stream to the Group in addition to building construction projects. Over the years, PEL has built up a strong clientele, including the HKHA, ASD, Hospital Authority, Airport Authority Hong Kong (AA), Education Bureau, CLP Power Hong Kong Limited (CLP), MTR Corporation Limited (MTRC), Hong Kong Jockey Club and Hong Kong Polytechnic University. PEL continues to expand its client base and seek greater works diversification to further capture the growing opportunities in the facility management market.

During the year, apart from the new construction and maintenance contracts, SOBC and PEL made good progress on their existing contracts, including:

- the construction of a public rental housing development at Chai Wan Road for the HKHA;

- the term contracts for maintenance, improvement and vacant flat refurbishment works for public housing estates in various districts for the HKHA;

- the term contracts for alterations, additions, maintenance and repair works for the Education Bureau;

- the architectural and building works term contract for MTRC;

- the term contracts for design and construction of minor building and civil engineering works as well as cable trenching and laying works for CLP; and

- various minor works term contracts for the Hospital Authority, the Education Bureau and the Hong Kong Jockey Club.

SOBC and PEL completed the 3-year term contract for the design and construction of fitting out work to buildings and lands and other properties on Hong Kong Island and the Outlying Islands for the ASD and, as scheduled, a few refurbishment, renovation and remedial works contracts of short construction periods for CLP, the Electrical and Mechanical Services Department and AA.

The maintenance and minor works on the buildings and facilities of the government departments/ organisations, institutions and public utilities were less affected by the social, economic and market conditions. The term contracts from this niche market segment continued to provide stable stream of work to maintenance contractors. Our building maintenance business always places the safety of our employees and workers at the forefront of its efforts, and was honoured with the Best SHE Performed Contractor of the Year 2020 by CLP.

After the year-end, SOBC was awarded the contract from the HKHA for the construction of a public housing development at Sheung Shui Areas 4 and 30 Site 2 Phase 2 and Footbridge Works at Ching Hong Road North Phase 3 (HK$1,329 million), which will make available 1,556 public rental housing units, retail space, and education, community and ancillary facilities, when completed in 2025.

Shui On Construction Company Limited

During 2021, the joint venture established between SOC and SOBC (Shui On Joint Venture) progressed on track with the design and construction contracts, including the redevelopment of Kwai Chung Hospital (Phase 2) for the Hospital Authority, and provision of a purpose-built multi-welfare services complex for the elderly at Kwu Tung North and the Drainage Services Department Building at the Cheung Sha Wan Sewage Pumping Station for the ASD.

The ASD and the Hospital Authority continued to release a number of construction contracts for tender. SOC, leveraging the Group's competency in design and build, will continue to capture the upcoming tender opportunities, while market competition has become increasingly intense.

SOC completed the contract for the design and construction of the 1,184-unit Junior Police Officers Married Quarters at Fan Garden, Fanling for the ASD during the year.

The Central Market Revitalisation Phase I, completed last year, is our first construction project adopting BIM technology in full scale in managing the data and information during the asset life cycle in order to improve efficiency, service quality, site safety and environmental performance. Thanks to the collective efforts and adoption of innovative restoration methods, the entire project team of this project, in which SOC acted as the main contractor, was awarded Refurbishment/Revitalisation Team of the Year at the RICS Awards 2021 Hong Kong organised by The Royal Institution of Chartered Surveyors.

Our commitment to quality and innovation also win us the BIM consultant services for the ASD's Drainage Services Department Building project in Cheung Sha Wan, and the HKHA's public housing development project at Anderson Road Quarry Site RS-1.

In June 2021, Hong Kong Children's Hospital, a joint venture design and build project completed in 2017, garnered both the top Quality Excellence Award and the Grand Award of Hong Kong Non-Residential (New Building – Government, Institution or Community) category in the Quality Building Award 2020, in recognition of its revolutional building and innovative sustainability designs, ensuring the patients' benefits be prioritised.

Subsequent to the year-end, SOC secured the HK$860 million contract from the ASD for the design and construction of Fire Station and Ambulance Depot with Departmental Accommodations in Lok Ma Chau Loop, which is slated for completion in 2024.

Pat Davie Limited

Pat Davie Limited (PDL) remains very active in the highly competitive fit-out and refurbishment markets of both Hong Kong and Macau. In 2021, it secured a total of 46 new contracts with an aggregate value of HK$1,586 million primarily in the commercial and institutional sectors in Hong Kong, and maintained a strong order book.

In Macau, visitor arrivals saw an upsurge in 2021 following the SAR Government's partial relaxation of certain travel curbs when the epidemic was brought under control. Gross gaming revenue rebounded sharply by 43.7% in 2021 from a very low base, following the 79.3% plunge in 2020. As the business environment remained challenging and highly uncertain, adjustments were made by operators to their plans for revamps and rolling refurbishments of the casino hotels.

The major contracts secured during the year included:

- Fitting-out works on the shopping mall, known as The Wai, atop Tai Wai Station;
- Fitting-out works on the Main Stadium in Kai Tak Sports Park;
- Fitting-out works on the Business Centre, Drug Safety Testing Centre, Robotics Catalysing Centre, co-working spaces, office and dry laboratory, and conversion of office to wet laboratory, in various buildings of Hong Kong Science Park;
- Fitting-out works at Hang Seng Bank Headquarters;
- System capacity improvement works at Hong Kong International Airport;
- Revamp works on Central Concourse, and E&M and builder's supportive works for 5G provisions for Phase 2A, at Hong Kong International Airport Terminal 1;
- Design, supply and installation of specialist counter facilities at Hong Kong International Airport Terminal 2;
- Design and construction of temperature-controlled room in Cathay Pacific Cargo Terminal;
- Supply and installation of protective barriers at Festival Walk in Kowloon Tong;

- Removal of asbestos and services replacement for refurbishment of the Regent Hotel in Tsim Sha Tsui;

- Fit-out works on lavatories, corridors and lift lobbies of a commercial development in San Po Kong; and

- Fitting out of retail street and podium circulation, and lobbies and cafés in W Hotel and Iconic Hotel at Studio City Phase 2 in Macau.

In addition, Shui On Joint Venture granted a HK$338 million sub-contract to Shui On Façade Company Limited, a SOCAM subsidiary, for the curtain wall façade works for the Redevelopment of Kwai Chung Hospital (Phase 2) project, in a strategy to leverage our relevant in-house construction expertise and experience for greater cost effectiveness.

Despite the various delays and disruptions caused by the COVID-19 pandemic to the work progress, PDL has executed well on the projects it secured, and managed to deliver them on schedule and within budget. Contracts worth a total of HK$901 million and HK$327 million were completed in Hong Kong and Macau respectively during the year. Notable ones included the fit-out works on The Hong Kong Palace Museum and Hong Kong Science Park, refurbishment works on Alexandra House in Central, wholesale conversion of West Gate Tower in Cheung Sha Wan, asset enhancement works on Tai Wo Plaza in Tai Po, and improvement works at Lo Wu Station in Hong Kong, and fit-out works on the shopping arcade, entry lobby, public circulation and Shakespeare Hall in The Londoner Macao of Venetian in Macau.

PROPERTY

Market Review

In Mainland China, both the retail and commercial leasing sector had a challenging year. The ‘double reduction’ policy introduced by the Central Government in July 2021, which aims at easing the burden of excessive homework and off-campus private tutoring for primary and middle school students, has cracked down on the Mainland’s private education sector by surprise. It has also adversely impacted, as a ripple effect, the sales and leasing of office and mall spaces as education-related institutions have become important clients in recent years.

The COVID-19 outbreak has accelerated digitalisation of the Mainland’s economy, particularly those areas requiring physical interactions, thus putting further pressure on the traditional retail model. Chinese consumers are increasingly embracing online habits in the areas of shopping, remote learning and healthcare consultation, among others, while businesses strive to make greater use of digital tools and channels to increase customer acquisitions and forge connections, with 5G deployment serving as a catalyst. These are driving the rapid growth of a ‘stay-at-home economy’. Both the consumer and business behaviours are undergoing transformation amid the evolution of the Mainland’s digital landscape. We are constantly reviewing our tenant mixes and positioning as well as leasing and marketing strategies to prepare for the fast-changing behaviours post COVID-19 and adapt to the new normal.

Operating Performance

The Group's property business recorded a loss of HK$124 million for 2021, compared with the loss of HK$72 million for 2020, which included valuation and impairment losses, net of deferred tax provision, of its property portfolio of HK$114 million and HK$130 million respectively. Total turnover for 2021 amounted to HK$331 million, comprising sales revenue of HK$81 million, leasing income of HK$114 million and Hong Kong property management services income of HK$136 million, as compared with total turnover of HK$628 million for 2020.

Although the business continued to record a negative contribution for the year, the gross rental income and occupancy rates of the Group's shopping malls showed gradual recovery. With the sporadic resurgence of COVID-19 variant infections across the country continued to hamper the consumer sentiment, a full recovery to the pre-pandemic level is expected but at a gradual pace.

Property Portfolio

As of 31 December 2021, the Group owned six projects in the Mainland, which are summarised in the table below. The Group's property portfolio comprised a total gross floor area (GFA) of 401,400 square metres, of which 384,500 square metres GFA were completed properties, and 16,900 square metres GFA of the Nanjing Scenic Villa project are currently under development.

Location	Project	Villa (sq. m.)	SOHO/ Office (sq. m.)	Retail (sq. m.)	Carparks & Others (sq. m.)	Total GFA* (sq. m.)
Chengdu	Centropolitan	-	33,300	43,000	86,200	162,500
Chongqing	Creative Concepts Center	-	-	21,000	9,900	30,900
Guangzhou	Parc Oasis	-	-	-	4,500	4,500
Nanjing	Scenic Villa	11,700	-	-	7,900	19,600
Shenyang	Shenyang Project Phase I	-	1,600	62,200	25,500	89,300
Tianjin	Veneto Phase 1	-	-	63,600	-	63,600
	Veneto Phase 2	-	1,600	29,400	-	31,000
Total		11,700	36,500	219,200	134,000	401,400

* The GFA shown excludes sold and delivered areas.

The property portfolio of the Group at 31 December 2021 mainly consisted of the following:

(a) A shopping mall, an office tower and car parking spaces in Chengdu Centropolitan, which is a large-scale mixed-use development situated in Chengdu's CBD, with all residential and SOHO units sold after completion in 2017;

(b) A shopping mall and car parking spaces in Chongqing Creative Concepts Center, which is a composite building close to the busy Jiefangbei Square in the heart of Chongqing, with all residential and office units sold after completion in 2010;

(c) A shopping mall and car parking spaces in Shenyang Project Phase I, which is a large-scale mixed-use complex located on the "Golden Corridor" in Shenyang, with all residential and serviced apartments as well as over 97% office units sold since completion in 2013;

(d) A European-style outlet shopping centre in Tianjin Veneto Phase 1 located near Tianjin's Wuqing Station on the Beijing-Tianjin intercity railway line, which has been fully operational since 2015; and

(e) Retail shops and SOHO units in Tianjin Veneto Phase 2, which is adjacent to Veneto Phase 1, with approximately 20% retail shops and 88% SOHO units, in terms of GFA, sold and delivered to buyers after completion in 2020.

Rental Performance

Our Mainland shopping malls recorded respectable growth in rental during the year. Total gross rental income, before deduction of applicable taxes, from the Group's retail and office properties in the Mainland for 2021 amounted to RMB64 million, up 11% from RMB58 million for 2020, as the Mainland economy has been recovering steadily since the COVID-19 outbreak in 2020.

Occupancy Rates of Retail and Office Properties in Mainland China:

		Occupancy Rate	
Project	**Total GFA (sq.m.)**	**31 December 2021**	**31 December 2020**
Chengdu Centropolitan			
Retail	43,000	77%	88%
Office	33,300	79%	90%
Chongqing Creative Concepts Center			
Retail	21,000	85%	82%
Shenyang Tiandi			
Retail	62,200	91%	88%
Tianjin Veneto Phase 1			
Retail	63,600	81%	72%

Amidst the challenging market conditions, we have built stronger and lasting ties with our tenants and achieved improving occupancies in most of our shopping malls during the year. In Chengdu Centropolitan, the negotiations with the replacement cinema operator is in the final stage. When concluded, the re-opening of the cinema will raise the mall occupancy by approximately 12.5% from 2022 onwards.

The leasing performance of our malls in Tianjin and Shenyang was adversely affected by the 'double reduction' policy, and some of the tenants engaged in education-related business terminated the leases in the second half of the year. Notwithstanding this, we still experienced further improvement in occupancies. However, the tightening anti-epidemic measures from time to time imposed by local governments, e.g. prohibition of large-scale activities in shopping malls, dented consumer sentiment and footfalls.

Occupancy of the office tower at Chengdu Centropolitan reached 98% in mid-2021, but declined to 79% at the year-end, after the move-out of several tenants with due compensation before expiry of the leases. Earlier this year, it bounced back to around 90% as market demand stabilised.

Asset Enhancement Initiatives

As the post-COVID-19 pandemic recovery in the Mainland economy takes shape, SOCAM has continued to enhance and reimagine the component attractions of the modern mall experience. We base this on research and experience and project forward to meet evolving consumer expectation and trends. Increasing footfall involves more than an exciting mix of retail offerings, but includes an experiential interface with online apps and offline provision of family-oriented open spaces and innovative fun features. Crucial to the mix is also surprise. We complement it with pop-up attractions of live music and entertainment. A feeling of excitement and expectation drives footfall that leads to increase in our rental income which, in turn, is an imperative of realising the potential value of our malls.

We continue with our transformation from local community malls to ones offering greater range of family-friendly and lifestyle elements, such as experience platforms and recreational spaces for children. Dynamic promotional events and fun activities, including outdoor concerts and summer fiestas, were organised to boost retail sales and increase customer loyalty.

Property Sales

The Group recognised revenue of HK$81 million and pre–tax profit of HK$5 million from property sales for 2021, which were mainly contributed by the Tianjin Veneto Phase 2 and Nanjing Scenic Villa projects, as compared with HK$433 million and HK$122 million respectively for 2020.

In 2021, the Group contracted strata-title sales in Phase 2 of Tianjin Veneto amounting to RMB14 million, and recognised sales revenue of RMB43 million, comprising 9 retail shops and 37 SOHO units, with a total GFA of 2,967 square metres. As at 31 December 2021, out of a total of 486 retail shops and 184 SOHO units, sales of 204 retail shops and 169 SOHO units with respective total GFA of 7,793 square metres and 11,474 square metres were contracted for total sales amounts of RMB271 million and RMB128 million respectively.

The resurging waves of COVID-19 have noticeably dampened the investment sentiment for commercial properties generally, and sales of the retail shops in Tianjin Veneto Phase 2 suffered a loss of momentum during 2021. Considering the uncertain business environment ahead, the Group temporarily put up approximately 12,500 square metres GFA of the retail shops, which account for approximately 25% of the total saleable area, for lease, in the hope that the sold retail shops, augmented with the leased ones, will enliven the overall business atmosphere of the project, and give a boost to the sales of the inventory.

Property Management

Effective March 2021, Shui On Properties Management Limited has changed its name to Pacific Extend Properties Management Limited (PEPM), as part of its repositioning strategy to diversify from the current focus on managing residential estates towards facilities management of commercial buildings to achieve a more balanced portfolio.

During the year, PEPM proceeded well with its various property management contracts as well as the 3-year facility management services contract for the Civil Aviation Department, and contributed stable income and cash flow to the Group. In addition, PEPM, riding on its expertise and experience in property management, has teamed up with other business operations of the Group to provide SFM services to clients in Hong Kong.

OUTLOOK

The global economic recovery continues into 2022 but looks set to decelerate amid COVID-19 variant flare-ups and supply bottlenecks in many places.

China economy has returned to the pre-pandemic growth path, with daily life nearing normality, but the sporadic resurgences of the highly infectious variant across the country continue to weigh on the recovery momentum. The Central Government targets a slower GDP growth of around 5.5% for 2022, following the faster-than-expected expansion in 2021, as multiple headwinds gather. In the wake of the grave and complex external environment and weakening international market with rising protectionism and lingering supply chain issues, China will continue to boost domestic consumption under its ‘dual circulation’ strategy and provide more policy support in a bid to attain more vigorous and sustainable economic development going forward.

In Hong Kong, the latest wave of Omicron variant of COVID-19, coupled with further tightening of various anti-epidemic measures, since January 2022 have rigorously disrupted economic activities. The revival of the economy will hinge on the development of the local epidemic. We are cautiously optimistic that the recent wave of the epidemic will be contained shortly with the staunch support from our country, and the local economy will return to the recovery track. The new round of HK$66 billion Consumption Voucher Scheme to be launched by the HKSAR Government will help boost local consumption and speed up economic recovery. In the medium term, the economic outlook for Hong Kong remains positive.

The HKSAR Government remains fully committed to addressing the imminent housing and healthcare issues of the community, and plans to take forward the Northern Metropolis Development Strategy to transform the northern part of the city to boost land supply for housing, technology development and other industries. SOCAM stands to benefit from the increasing tender opportunities from the public sector in the coming years. While this remains the key focus for SOCAM, we have also been exploring new business initiatives that will best exploit our competitive edge, and embarked on the provision of smart facility management services. We believe that the facility management services business will be a major revenue driver for SOCAM in the future.

As we go deeper into 2022, the market environment is predicted to remain very challenging. SOCAM will ramp up efforts to consolidate our organisational structure and strengthen sustainability. We will expand our construction workforce by attracting younger talents, strengthen learning and development, and raise investment in nurturing our employees. We will further strive to raise our health and safety standards, design-and-build capabilities, and ESG commitment. In addition, the wider adoption of innovative technologies and increasing digitalisation of our operations will keep us some way ahead of mandated protocols.

The Group's shopping malls in the Mainland, which saw an improvement in occupancy and rental income last year, will seek to take advantage of our ongoing asset enhancement initiatives to boost the excitement of the tenant mix, increase customer footfall and improve rental performance further, and achieve sustainable asset-value growth in the longer run. All our efforts in operation streamlining will continue unabated, and cost saving opportunities in all respects will be exploited. With the continuous improvement, we will remain alert to en-bloc disposal opportunities to create value for shareholders.

RESULTS

The Board of Directors (the "Board") of SOCAM Development Limited (the "Company" or "SOCAM") presents the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2021** **HK$ million**	2020 HK$ million
Turnover			
The Company and its subsidiaries		**5,267**	5,670
Share of joint ventures		**9**	9
		5,276	5,679
Group turnover	2	**5,267**	5,670
Other income, other gains and losses	3	**130**	244
Cost of properties sold		**(61)**	(265)
Raw materials and consumables used		**(280)**	(284)
Staff costs		**(762)**	(764)
Depreciation and amortisation		**(46)**	(39)
Subcontracting, external labour costs and other expenses		**(3,708)**	(3,951)
Fair value changes on investment properties		**(135)**	(153)
Dividend income from equity investments		**1**	3
Finance costs		**(161)**	(198)
Share of profit of joint ventures		**8**	7
Profit before taxation		**253**	270
Taxation	4	**(78)**	(131)
Profit for the year		**175**	139
Attributable to:			
Owners of the Company		**76**	52
Non-controlling interests		**99**	87
		175	139
Earnings per share	6		
Basic		**HK$0.20**	HK$0.14
Diluted		**HK$0.20**	HK$0.14

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021 HK$ million	2020 HK$ million
Profit for the year	**175**	139
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**118**	244
Reclassification adjustments for exchange differences transferred to profit or loss:		
– upon deregistration of subsidiaries	**(21)**	–
Items that will not be reclassified to profit or loss:		
Fair value changes of equity investments at fair value through other comprehensive income	**(1)**	(19)
Recognition of actuarial (loss) gain	**(40)**	50
Other comprehensive income for the year	**56**	275
Total comprehensive income for the year	**231**	414
Total comprehensive income attributable to:		
Owners of the Company	**132**	327
Non-controlling interests	**99**	87
	231	414

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2021 HK$ million**	31 December 2020 HK$ million
Non-current Assets			
Investment properties		**4,719**	4,720
Goodwill		**9**	9
Other intangible assets		**–**	3
Right-of-use assets		**24**	29
Property, plant and equipment		**33**	39
Interests in joint ventures		**119**	111
Financial assets at fair value through other comprehensive income		**31**	32
Financial assets at fair value through profit or loss		**2**	–
Club memberships		**1**	1
Trade debtors		**–**	7
		4,938	4,951
Current Assets			
Properties held for sale		**757**	807
Properties under development for sale		**185**	180
Debtors, deposits and prepayments	7	**1,390**	1,562
Contract assets		**665**	665
Amounts due from joint ventures		**81**	75
Amounts due from related companies		**47**	12
Tax recoverable		**4**	15
Restricted bank deposits		**388**	382
Bank balances, deposits and cash		**1,127**	1,101
		4,644	4,799
Current Liabilities			
Creditors and accrued charges	8	**2,185**	2,573
Contract liabilities		**21**	41
Lease liabilities		**19**	22
Amounts due to joint ventures		**150**	137
Amounts due to related companies		**42**	28
Taxation payable		**206**	180
Bank borrowings due within one year		**934**	1,037
Senior notes		**1,227**	–
		4,784	4,018
Net Current (Liabilities) Assets		**(140)**	781
Total Assets Less Current Liabilities		**4,798**	5,732
Capital and Reserves			
Share capital		**374**	374
Reserves		**2,890**	2,758
Equity attributable to owners of the Company		**3,264**	3,132
Non-controlling interests		**270**	219
		3,534	3,351
Non-current Liabilities			
Bank borrowings		**884**	778
Senior notes		**–**	1,258
Lease liabilities		**6**	8
Defined benefit liabilities		**63**	16
Deferred tax liabilities		**311**	321
		1,264	2,381
		4,798	5,732

Notes:

1. Basis of preparation

At 31 December 2021, the Group reported net current liabilities of HK$140 million, which included HK$1,227 million senior notes due in January 2022 (the "Senior Notes") and HK$806 million revolving bank loans with no fixed term of repayment. The Senior Notes, together with interest accrued thereon, was fully repaid upon its maturity in January 2022 by the proceeds from the drawdown on a new 3-year term loan facility of HK$1.3 billion obtained in October 2021. In addition, the Directors of the Company believe that such revolving bank loans will continue to be made available to the Group and will not be withdrawn unexpectedly within the next twelve months from the end of the reporting period. Taking into account the Group's operating cash flows and the other available credit facilities, the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis.

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are mandatorily effective for the Group's financial period beginning on 1 January 2021.

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The Group has also early applied Amendments to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021, which will be mandatorily effective for the annual periods beginning on or after 1 April 2021.

The application of the above amendments to HKFRSs and the agenda decision in the current year has had no material effect on the amounts reported and disclosures set out in the consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16
Interest Rate Benchmark Reform – Phase 2

The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures.

At 1 January 2021, the Group has a United Stated dollars ("US$") bank borrowing carrying at London Interbank Offered Rate ("LIBOR"), which may be subject to interest rate benchmark reform. Since the interest rate of this US$ LIBOR-linked bank borrowing was not transitioned to the relevant replacement rate during the year, the amendments have had no impact on the consolidated financial statements for the year ended 31 December 2021.

1. Basis of preparation (continued)

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and Related Amendments[2]
HKFRS 3 (Amendments)	Reference to the Conceptual Framework[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies[2]
HKAS 8 (Amendments)	Definition of Accounting Estimates[2]
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or after a date to be determined

Except as described below, the Directors of the Company do not expect a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements of these new and amendments to HKFRSs.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current*

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period.

At 31 December 2021, the Group's rights to defer settlement for borrowings of HK$643 million are subject to compliance with certain financial ratios within twelve months from the reporting date. Such borrowings were classified as non-current as the Group met such ratios at 31 December 2021. The Group will assess the potential impacts of the amendments in relation to the borrowings with financial and other covenants. The impacts on application, if any, will be disclosed in the Group's future consolidated financial statements.

Except for as disclosed above, the application of the amendments will not result in reclassification of the Group's other liabilities at 31 December 2021.

2. Segment information

For management reporting purposes, the Group is currently organised into three operating divisions based on business nature. These divisions are the basis on which the Group reports information to its chief operating decision makers, who are the Executive Directors of the Company, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

1. Construction and building maintenance – construction, interior fit-out, renovation and maintenance of building premises mainly in Hong Kong and smart facilities management in Hong Kong and Mainland China

2. Property – property development for sale and property investment in Mainland China and provision of property management services in Hong Kong and Mainland China

3. Other businesses – venture capital investment and others

3. Segment information (continued)

An analysis of the Group's reportable segment revenue and segment results by reportable and operating segment is as follows:

For the year ended 31 December 2021

	Construction and building maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
REVENUE				
Revenue from construction contracts	4,935	–	–	4,935
Revenue from property sales	–	81	–	81
Revenue from rendering of services in Hong Kong	1	136	–	137
Revenue from rendering of services in Mainland China	–	29	–	29
Revenue from contracts with customers	4,936	246	–	5,182
Revenue from property leasing	–	85	–	85
Group's revenue from external customers	4,936	331	–	5,267
Share of joint ventures' revenue	1	–	8	9
Total segment revenue	4,937	331	8	5,276
Timing of revenue recognition				
At a point of time	–	81	–	81
Over time	4,936	165	–	5,101
Revenue from contracts with customers	4,936	246	–	5,182
Reportable segment results	518	(93)	36	461
Unallocated items:				
Finance costs				(146)
Other corporate expenses				(62)
Consolidated profit before taxation				253
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	–	(61)	–	(61)
Depreciation and amortisation	(21)	(10)	–	(31)
Interest income	7	18	–	25
Fair value changes on investment properties	–	(135)	–	(135)
Impairment loss recognised on property inventories	–	(4)	–	(4)
Dividend income from equity investments	–	–	1	1
Finance costs	–	(15)	–	(15)
Share of profit of joint ventures				
Property development	–	3	–	3
Other operations	–	–	5	5
				8

2. Segment information (continued)

For the year ended 31 December 2020

	Construction and building maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
REVENUE				
Revenue from construction contracts	5,042	–	–	5,042
Revenue from property sales	–	433	–	433
Revenue from rendering of services in Hong Kong	–	103	–	103
Revenue from rendering of services in Mainland China	–	24	–	24
Revenue from contracts with customers	5,042	560	–	5,602
Revenue from property leasing	–	68	–	68
Group's revenue from external customers	5,042	628	–	5,670
Share of joint ventures' revenue	1	–	8	9
Total segment revenue	5,043	628	8	5,679
Timing of revenue recognition				
At a point of time	–	433	–	433
Over time	5,042	127	–	5,169
Revenue from contracts with customers	5,042	560	–	5,602
Reportable segment results	465	10	31	506
Unallocated items:				
Other income				5
Finance costs				(183)
Other corporate expenses				(58)
Consolidated profit before taxation				270
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	–	(265)	–	(265)
Depreciation and amortisation	(14)	(11)	–	(25)
Interest income	9	16	–	25
Fair value changes on investment properties	–	(153)	–	(153)
Impairment loss recognised on property inventories	–	(15)	–	(15)
Dividend income from equity investments	–	–	3	3
Finance costs	–	(15)	–	(15)
Share of profit (loss) of joint ventures	–			
Property development	–	3	–	3
Other operations	–	–	5	5
Venture capital investments	–	–	(1)	(1)
				7

3. Other income, other gains and losses

	2021 **HK$ million**	2020 HK$ million
Included in the other income, other gains and losses are:		
Other income		
Interest income	**25**	30
Government subsidies (note)	**10**	60
Other gains and losses		
Discount on senior notes buy-back	**1**	3
Exchange gain	**91**	166
Impairment loss recognised on property inventories	**(4)**	(15)
Loss arising on remeasurement of other financial liabilities	**–**	(13)
Expected credit losses recognised on trade debtors, contract assets and other receivables	**(4)**	(2)
Gain on disposal of property, plant and equipment	**–**	1

Note:

The government subsidies represent the wage subsidy provided in connection with the support from the Anti-epidemic Fund of the HKSAR Government under the job creation scheme in 2021 and the employment support scheme in 2020, which are recognised as income at the time the Group fulfilled the relevant granting criteria.

4. Taxation

	2021 **HK$ million**	2020 HK$ million
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	**85**	68
Macau Complementary Tax	**–**	1
The People's Republic of China ("PRC") Enterprise Income Tax	**3**	(10)
PRC Land Appreciation Tax	**8**	83
	96	142
Deferred taxation	**(18)**	(11)
	78	131

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year.

Macau Complementary Tax is calculated at 12.0% (2020: 12.0%) on the estimated assessable profits for the year.

PRC Enterprise Income Tax is calculated at 25% (2020: 25%) on the estimated assessable profits for the year.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including land costs, borrowing costs and all property development expenditure.

5. Dividend

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of HK$0.07 (2020: nil) per share, in an amount of approximately HK$26 million (2020: nil), has been proposed by the Board and is subject to approval of the shareholders of the Company at its forthcoming annual general meeting.

6. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2021	2020
	HK$ million	HK$ million
Profit for the year attributable to owners of the Company:		
Profit for the purpose of basic and diluted earnings per share	**76**	52
Number of shares:	**Million**	Million
Weighted average number of ordinary shares for the purpose of basic earnings per share	**374**	374
Effect of dilutive potential ordinary shares:		
Share options	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**374**	374

The Company has no outstanding shares subject to options exercisable at the end of the current year. The computation of the diluted earnings per share for the prior year did not assume the exercise of the Company's share options, of which the relevant exercise price was higher than the average market price of shares of the Company for the period when those options were outstanding.

7. Debtors, deposits and prepayments

The Group maintains a defined credit policy. The general credit term ranges from 30 to 90 days.

Included in debtors, deposits and prepayments are debtors, net of allowance for credit losses, with an aged analysis (based on the repayment terms set out in the sale and purchase agreements or invoice date, as appropriate) at the end of the reporting period as follows:

	31 December 2021 HK$ million	31 December 2020 HK$ million
Trade debtors aged analysis (note a):		
Not yet due or within 90 days	**438**	673
91 days to 180 days	**2**	1
181 days to 360 days	**2**	6
Over 360 days	**1**	3
	443	683
Consideration receivable in respect of disposal of an associate (note b)	**32**	34
Prepayments, deposits and other receivables (note c)	**919**	852
Less: Allowance for credit losses	**(4)**	–
	1,390	1,569
Less: amounts due for settlement after 12 months	**–**	(7)
	1,390	1,562

Notes:

(a) Included in the trade debtors are receivables of HK$3 million (2020: HK$9 million), which are aged over 180 days, based on the date on which revenue was recognised.

(b) The balances carry interest at 15% per annum.

(c) Included in prepayments, deposits and other receivables at 31 December 2021 are receivables of HK$528 million (2020: HK$505 million) due from China Central Properties Limited's former subsidiaries (the "Debtor"), which hold a property interest in the PRC and were disposed of in 2008. The amounts are repayable on demand and out of the total outstanding balance, an amount of HK$147 million (2020: HK$143 million) carries interest at prevailing market rates. A court in the PRC issued notices to attach the aforesaid property interest to cause the Debtor to settle part of the outstanding receivable in the amount of approximately RMB318 million (approximately HK$389 million) (2020: RMB276 million (approximately HK$328 million)) and its related interest. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 9(a)). Given that there have been continued positive outcomes in the legal disputes in relation to the property interest and recovery of the outstanding receivables, including the successful registration of title deed of the property under the name of the Debtor in May 2015, the Directors of the Company believe that these receivables will be fully settled and the guarantee provided by the Company will be fully released either through public auction of the aforesaid property interest or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

8. Creditors and accrued charges

The aged analysis of creditors (based on invoice date) of HK$414 million (2020: HK$396 million), which are included in the Group's creditors and accrued charges, is as follows:

	31 December 2021 HK$ million	31 December 2020 HK$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	**372**	353
31 days to 90 days	**20**	22
91 days to 180 days	**9**	6
Over 180 days	**13**	15
	414	396
Retention payable	**285**	375
Provision for contract work/construction cost	**1,224**	1,488
Other accruals and payables	**262**	314
	2,185	2,573

9. Contingent liabilities

At 31 December 2021, the Group had the following contingent liabilities, which have not been provided for in the consolidated financial statements:

(a) In 2007, the Company issued a guarantee (the "Guarantee") in favour of a bank for a loan granted to an entity which was a wholly-owned subsidiary of China Central Properties Limited ("CCP") at that time (the "Former Subsidiary"). Subsequently, the Former Subsidiary was sold by CCP in 2008, but the Company remained as the guarantor for the bank loan following the disposal (see note 7(c) for details of receivables due from the Former Subsidiary arising from such disposal). In October 2011, the Company received a notice from the aforesaid bank that it had entered into an agreement to sell all its rights and interests, including the Guarantee, to a new lender (the "New Lender"). At the same time, the Company entered into a restructuring deed with the New Lender, which was subsequently supplemented by supplemental restructuring deeds, whereby the New Lender agreed not to demand fulfilment of the Company's obligations under the Guarantee to October 2022, subject to extension after further discussions. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK$663 million) at 31 December 2021 (2020: RMB542 million (HK$644 million)) and the related interest amounting to RMB681 million (HK$833 million) (2020: RMB614 million (HK$730 million)) are secured by a property interest in the PRC held by the Former Subsidiary. Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and agreed unconditionally to undertake and indemnify the Group for all losses as a result of the Guarantee.

    In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and at the end of the reporting period after taking into consideration the possibility of the default of the parties involved and the collateral of the loan. Accordingly, no value has been recognised in the consolidated statement of financial position.

(b) The Group is in discussion with the local government authority in the PRC with respect to the delay in construction completion of a development project in Tianjin, by the date as stipulated in the relevant land grant contracts. The relevant local government authority has accepted certain of the reasons identified by the Group in supporting the application for extending the completion date of the project. Based on the respective supplemental land grant contracts, a penalty of 0.02% of the land grant premium per day would be imposed from 29 June 2018 until the completion of the construction. Taking into account the aforesaid extension as accepted by the government authority and the fact that phase 1 of the project has been completed in 2015 and is in operation; and phase 2 of the project has been launched for sale since January 2019, the estimated penalty as at 31 December 2021, if any, will not be more than RMB14 million (2020: RMB14 million). The management of the Company will resume the communication with the relevant government authority after the ease of epidemic in the PRC and are of the view that the exposure should be further reduced or fully exempted.

10. Event after the reporting period

On 20 December 2021, the Group entered into an agreement with an independent third party to acquire 65% interest in Welpro Technology Limited ("Welpro"), which principally engages in the provision of multi-media display system, security system and related services in Hong Kong, at a cash consideration of HK$37 million (subject to downward adjustment after completion in accordance with the terms of the agreement). The transaction was completed on 3 January 2022 and the consideration was fully satisfied in cash. Following completion, Welpro has become an indirect non-wholly owned subsidiary of the Company. The Directors of the Company are of the view that the acquisition provides an opportunity for the Group to expand its construction operations and diversify its sources of income. As the purchase price allocation is being compiled and not yet ready at the date of the consolidated financial statements, it is not practicable to reliably estimate the financial effect of the acquisition. Details of the transaction are set out in the announcements of the Company dated 20 December 2021 and 5 January 2022 respectively.

FINANCIAL REVIEW

FINANCIAL RESULTS

The Group's profitability achieved further growth for the year ended 31 December 2021, and reported a profit attributable to shareholders of HK$76 million on a turnover of HK$5,267 million, comparing with the profit of HK$52 million and turnover of HK$5,670 million for 2020.

The Board recommends the payment of a final dividend of HK$0.07 per share for the year ended 31 December 2021 (2020: nil). Subject to shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or around 30 June 2022 to shareholders whose names appear on the Company's register of members on 15 June 2022.

An analysis of the total turnover is as follows:

	Year ended 31 December 2021 HK$ million	Year ended 31 December 2020 HK$ million
Turnover		
SOCAM and subsidiaries		
Construction and building maintenance	**4,936**	5,042
PRC property	**195**	525
Hong Kong property management	**136**	103
Total	**5,267**	5,670
Joint ventures		
Cement and others	**9**	9
Total	**5,276**	5,679

Turnover from the construction and building maintenance work was steady on a strong order book. The increase in turnover from maintenance contracts was offsetting the reduction in turnover recognised for the construction contracts. Revenue from the property business decreased to HK$195 million, from HK$525 million in the prior year, since much lower sales revenue was recognised for the handover of the retail shops and SOHO units in Phase 2 of the Tianjin Veneto project during 2021. In addition, the property management business in Hong Kong contributed HK$136 million and HK$103 million revenue to the Group in 2021 and 2020, respectively.

An analysis of the results attributable to shareholders is set out below:

	Year ended 31 December 2021 HK$ million	Year ended 31 December 2020 HK$ million
Construction	**511**	456
Property		
Profit on property sales	**5**	122
Net rental income	**26**	4
Fair value changes on investment properties, net of deferred tax provision	**(110)**	(115)
Impairment loss on property inventories	**(4)**	(15)
Acquisition of remaining interest in subsidiaries	**-**	(13)
Disposal of interest in Dalian Tiandi	**6**	5
Hong Kong property management	**17**	16
Net operating expenses	**(64)**	(76)
	(124)	(72)
Net finance costs		
- Senior notes	**(87)**	(119)
- Bank and other borrowings	**(54)**	(51)
Corporate overheads and others	**(62)**	(75)
Release of cumulative exchange gains upon deregistration of foreign subsidiaries	**21**	-
Net foreign exchange gains	**73**	169
Taxation	**(103)**	(169)
Non-controlling interests	**(99)**	(87)
Total	**76**	52

Construction

The construction business posted higher profit for the current year, notwithstanding a decrease in turnover. Average net profit before tax margin was 10.4% of turnover, which was above the 9.0% margin in the previous year, largely due to (i) profit upward adjustments with respect to certain construction projects completed in the current and prior years being taken up in the current year; and (ii) the increased contribution from the maintenance business.

Property

The property division continues to enhance performance of the shopping malls and to streamline the organisation structure, which saw further improvement in operating results against the previous year. Net rental results of the shopping malls of the Group increased steadily in 2021 amid the gradual recovery from the COVID-19 pandemic and much reduced concessions offered to tenants comparing to the prior year. In addition, occupancy of the shopping malls was generally improving in 2021.

At 31 December 2021, the Group's investment properties were valued at HK$4,719 million. Excluding the effect on the appreciation of the Renminbi against the Hong Kong dollar in the current year, there was a 2.8% gross depreciation of fair value on a portfolio basis.

The Group achieved further saving in total operating expenses in the current year as the organisation continued to streamline to achieve a leaner operation.

The acquisition of the remaining 10% interest in the Tianjin Veneto project was completed in August 2020, for an aggregate consideration of approximately RMB35.8 million. The excess over the provision on account of approximately RMB24.3 million was recognised as an expense in 2020.

Net finance costs

In January 2020, the Company issued US$180 million 6.25% senior notes due January 2022 to finance the repayment of the US$ senior notes matured in May 2020, which caused higher finance costs on the US$ senior notes incurred in 2020. As such, total net finance costs were decreased to HK$141 million, from HK$170 million in the previous year.

Net foreign exchange gains

During 2021, the Renminbi and the United States dollar registered a 2.9% and 0.6% appreciation against the Hong Kong dollar, respectively. These resulted in net foreign exchange gains totalling HK$191 million for the current year, of which HK$73 million and HK$118 million were recognised in the consolidated statement of profit or loss and the consolidated statement of financial position respectively, comparing with the foreign exchange gains of HK$169 million and HK$244 million respectively for the previous year.

The completion of the deregistration of certain foreign subsidiaries has enabled the release of cumulative foreign exchange gains of HK$21 million previously included in the translation reserve to profit or loss in 2021, pursuant to prevailing accounting standards.

ASSETS BASE

The total assets and net assets of the Group are summarised as follows:

	31 December 2021 HK$ million	31 December 2020 HK$ million
Total assets	**9,582**	9,750
Net assets	**3,264**	3,132
	HK$	HK$
Net asset value per share	**8.7**	8.4

Total assets of the Group decreased slightly to HK$9.6 billion at 31 December 2021, from HK$9.8 billion at 31 December 2020. The increase in net assets of the Group was principally attributable to the HK$76 million profit for the year and the appreciation of the Renminbi against the Hong Kong dollar resulting in the increase in the translation reserve of HK$118 million.

An analysis of the total assets by business segments is set out below:

	31 December 2021 HK$ million	%	31 December 2020 HK$ million	%
Construction	**2,145**	**22**	2,211	23
Property	**6,830**	**72**	6,954	71
Corporate and others	**607**	**6**	585	6
Total	**9,582**	**100**	9,750	100

The proportion of total assets of each business segment remained relatively stable at 31 December 2021, when compared with that at 31 December 2020.

EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company increased to HK$3,264 million on 31 December 2021, from HK$3,132 million on 31 December 2020, for the reasons mentioned above.

Net bank and other borrowings of the Group, which represented the total of bank borrowings and senior notes, net of bank balances, deposits and cash, amounted to HK$1,530 million on 31 December 2021, as compared with HK$1,590 million on 31 December 2020.

The maturity profile of the Group's bank and other borrowings is set out below:

	31 December 2021 HK$ million	31 December 2020 HK$ million
Bank borrowings repayable:		
Within one year	**934**	1,037
After one year but within two years	**762**	215
After two years but within five years	**81**	494
After five years	**41**	69
Total bank borrowings	**1,818**	1,815
US$ senior notes	**1,227**	1,258
Total bank and other borrowings	**3,045**	3,073
Bank balances, deposits and cash	**(1,515)**	(1,483)
Net bank and other borrowings	**1,530**	1,590

Subsequent to the issuance of the 2-year US$180 million 6.25% senior notes in January 2020, the Group has repurchased a total of US$22.6 million senior notes, at a slight discount to the face value, from the open market. At 31 December 2021, the outstanding amount of the senior notes was reduced to US$157.4 million. In October 2021, the Group obtained a 3-year term bank loan facility of HK$1.3 billion at a lower cost to finance the repayment of the senior notes, which was fully repaid upon maturity in January 2022.

The net gearing ratio of the Group, calculated as net bank and other borrowings over shareholders' equity, decreased to 46.9% at 31 December 2021, from 50.8% at 31 December 2020, mainly attributable to the increase in equity during the year.

TREASURY POLICIES

The Group's financing and treasury activities are centrally managed and controlled at the corporate level.

The Group's bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating-rate basis. Investments in Mainland China are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is primarily at project level where the sources of repayment are also Renminbi denominated. Given that income from operations in Mainland China is denominated in Renminbi and property assets in Mainland China are normally priced in Renminbi on disposal, the Group expects that the fluctuations of the Renminbi in the short-term will affect the Group's business performance and financial status. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES

At 31 December 2021, the number of employees in the Group was approximately 1,867 (31 December 2020: 1,811) in Hong Kong and Macau, and 347 (31 December 2020: 370) in subsidiaries and joint ventures in Mainland China. Remuneration packages are maintained at competitive levels and employees are rewarded on a performance-related basis. Other staff benefits, including provident fund schemes and medical insurance, remained at appropriate levels. The Group continued to retain and develop talents through various initiatives such as Trainee and Apprentice Development Programmes for fresh graduates from various disciplines, Functional Executive Program for middle managers, Leadership Development Program for project managers as well as Talent Development Program for selected high potential management staff. Likewise, in Mainland China, staff benefits are commensurate with market levels, with emphasis on building the corporate culture and professional training and development opportunities are provided for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre and competent staff.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, the Company further repurchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of US$6 million principal amount of the US$180 million 6.25% senior notes for an aggregate consideration of approximately US$5.93 million, in addition to US$16.6 million principal amount of the notes repurchased in 2020 for an aggregate consideration of approximately US$16.15 million. The notes matured on 23 January 2022, and the Company fully repaid the US$157.4 million outstanding principal amount of the notes on the maturity date.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021, including the accounting principles and practices adopted by the Group. It has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2021, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviations explained below.

Code provision E.1.2 of the CG Code provides that the terms of reference of the Remuneration Committee should include, among others, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of individual Executive Director and senior management; (ii) review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and (iii) review and approve the remuneration proposals for management with reference to the Board's corporate goals and objectives. The Remuneration Committee has reviewed its functions and considered that these responsibilities in relation to the remuneration and compensation of management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the management in the daily business operations of the Group. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of individual Executive Director. After due consideration, the Board adopted the revised terms of reference of the Remuneration Committee with the said responsibilities in relation to the remuneration and compensation of management excluded from its scope of duties, which deviates from code provision E.1.2. Notwithstanding such deviation, the Remuneration Committee is still responsible for reviewing, approving and making recommendations to the Board on the guiding principles applicable to the determination of the remuneration packages of senior management.

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice has been formally adopted, and the Board approved the amendment to the terms of reference of the Remuneration Committee in this respect, which also deviates from the stipulation in code provision E.1.2 that the Remuneration Committee should make recommendations to the Board on the remuneration of Non-executive Directors. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 December 2021.

FINAL DIVIDEND

The Board has resolved to adopt the revised dividend policy of the Company (as set out in a separate announcement issued on 30 March 2022) and recommend the payment of a final dividend of HK$0.07 per share for the year ended 31 December 2021 (2020: nil). Subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "2022 AGM"), the final dividend is expected to be paid on or around Thursday, 30 June 2022 to shareholders whose names appear on the Company's register of members on Wednesday, 15 June 2022.

ANNUAL GENERAL MEETING

The 2022 AGM will be held on Wednesday, 1 June 2022. A circular containing the notice of the 2022 AGM will be despatched to shareholders together with the Company's 2021 Annual Report on or around Thursday, 28 April 2022. The same will also be published on the websites of the Company and the Stock Exchange.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the shareholders' entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the 2022 AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 26 May 2022.

For ascertaining the shareholders' entitlement to the proposed final dividend for the year ended 31 December 2021, the register of members of the Company will be closed from Friday, 10 June 2022 to Wednesday, 15 June 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 9 June 2022.

By Order of the Board
SOCAM Development Limited
Lo Hong Sui, Vincent
Chairman

Hong Kong, 30 March 2022

At the date of this announcement, the Executive Directors of the Company are Mr. Lo Hong Sui, Vincent and Mr. Lee Chun Kong, Freddy; the Non-executive Director of the Company is Ms. Lo Bo Yue, Stephanie; and the Independent Non-executive Directors of the Company are Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. William Timothy Addison.

** For identification purpose only*

Website: www.socam.com